

# Educational Loan Notes

## Monthly Newsletter



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January 2009

### **MGA DIRECTOR DIANE TODD SPRAGUE LEAVES; INTERIM DIRECTOR ANNOUNCED**

Diane Todd Sprague, Director, Michigan Guaranty Agency (MGA) accepted the Associate Director of Financial Aid position at the University of Texas-Austin. The opportunity professionally to move back into a school setting, and personally, to be close to family members precipitated this change. MGA wishes Diane the best in her new position and thanks her for her leadership over the past four years.

Effective December 29, 2008, Michele Ballinger has taken over as the Interim Director of MGA. Michele has 18 years experience in the student loan industry with the Michigan Higher Education Student Loan Authority and Fiscal Affairs as a Deputy Director. She brings a wealth of knowledge to this position. Michele remarked, "I'm looking forward to learning more about the guarantor side of the student loan business and leading a dedicated and hardworking staff through the challenges ahead."



**Michele Ballinger**

Michele will attend the Michigan Student Financial Aid Administrators (MSFAA) Winter Training in Dearborn and looks forward to meeting as many financial aid colleagues as possible. Michele can be reached at 1-800-642-5626, extension 36084, or via email at [ballingerm@michigan.gov](mailto:ballingerm@michigan.gov).

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### **DRAFT COHORT DEFAULT RATES**

Draft cohort default rate information for 2007 will be released on February 9, 2009. After the release of the draft cohort default rates, the U.S. Department of Education (ED) provides schools an opportunity to review the draft data, and if necessary, work with the data manager responsible for the loans to correct any errors.

It is important for schools to correct inaccurate data through an incorrect data challenge for a number of reasons:

- A school will not have a second opportunity to submit an incorrect data challenge; in its review, the school needs to ensure that no discrepancies exist among its records, the information obtained from outside sources, and the Loan Record Detail Report (LRDR) for the draft cohort default rates.
- The loan information used to calculate the draft cohort default rate will be used to calculate the school's official cohort default rate; the school needs to ensure that this data is accurate because official cohort default rates may result in certain benefits for the school or sanctions against the school.
- An incorrect data challenge will preserve a school's right to submit an uncorrected data adjustment if the agreed upon changes are not reflected in the official cohort default rate.

- An incorrect data challenge will preserve a school's right to submit an erroneous data appeal on the basis of disputed data if the school is subject to sanction after the release of the official cohort default rates.

If it is determined that the draft cohort default rate data is inaccurate and the data manager responsible for the inaccurate data agrees to make a change to the data, the school's official cohort default rate should reflect the change.

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## **UPDATED MATERIALS**

MGA is updating materials to reflect changes effective with the passage of the Higher Education Opportunity Act. Below is a list of recently updated form(s) and/or brochure(s):

- PLUS brochure
- Grad PLUS brochure
- Stafford brochure
- Loan Repayment Options brochure

Other items in the process of being updated include:

- Educational Loan Organizer
- Exit Packet for Withdrawn Students
- Exit Counseling packet
- Entrance and Exit Counseling Forms
- In-School Interest Payment Chart
- Estimated Monthly Repayment Chart

The Stafford, PLUS, and Grad PLUS brochures and Entrance and Exit Counseling Forms may be ordered on [MGA's Web site](#) under [MGA Forms and Supplies Distributed by Sallie Mae](#).

These items along with the Loan Repayment Options brochure and Estimated Monthly Repayment Chart may be ordered on MGA's Web site on the [In-house Supplies](#) Order Form. MGA recommends that you dispose of any out-dated material and refresh your supplies with updated information.

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## **2008 FEDERAL STUDENT AID CONFERENCE PRESENTATIONS AVAILABLE**

The U.S. Department of Education has announced that [presentations](#) from its 2008 Federal Student Aid (FSA) conferences are now available online. The 2008 FSA conferences covered General Sessions; Common Interest Sessions; Direct Loan Sessions; Financial Aid Fundamentals; Guaranty Agency & Lender Sessions; and Technical Sessions. Access the presentations at: <http://www.ifap.ed.gov/presentations/08FSAConference.html#GASessions>.

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## **2009 PLUS/SLS VARIABLE INTEREST RATE 91-DAY TREASURY BILL METHOD**

The U.S. Department of Education (ED) has announced a PLUS/SLS variable interest rate of **5.50 percent** (1.75% [the 91-day T-bill average] + 3.75%) for the 2009 calendar year. This rate applies only to those PLUS/SLS promissory notes that provide for a calendar year adjustment based on the "91-day Treasury Bill" method. A copy of ED's announcement may be retrieved at <http://www.fp.ed.gov/fp/attachments/interest/PLUS2009.doc>.

Because there has been no reported activity for these loan types during the past two years, ED has determined that this will be the last year they will publish this rate information. If you have questions please contact Pat Fromm at 1-800-642-5626, extension 36076, or via email at [frommp@michigan.gov](mailto:frommp@michigan.gov).

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## **NSLDS REPORTING REMINDER**

Federal law requires lenders and lender servicers to report all status changes throughout the life of a loan to their guarantors. MGA encourages its lenders to report status changes on a monthly basis. It is crucial that loan information is updated and reported in a timely manner so MGA loan data will match the information on the lender's system. This will ensure that the information sent to the National Student Loan Data System (NSLDS) is accurate.

Status changes to report include, but are not limited to:

- Enrollment status changes
- Cancellation of all or a portion of the loan
- Loan sales or transfers
- Disbursement date changes
- Date loans enter repayment
- Loans that have been paid-in-full or consolidated

Forms currently used by lenders to report changes are:

- Loan Maintenance form
- Borrower/Student Personal Information form
- Sub/Unsub Reallocation form
- Disbursement Change form
- Loan Change form
- Loan Transfer form
- Social Security Number Change form

These forms may be ordered through MGA's Web site at [mgaloan.com](http://mgaloan.com) by choosing "Order Supplies" from the Forms/Documents drop-down menu in the MGA Quick List and selecting the [MGA Forms and Supplies Distributed by Sallie Mae](#) link.

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## **COLLEGE GOAL SUNDAY 2009 NEWS**

Sunday, February 8, 2009, is College Goal Sunday. Attending College Goal Sunday provides students and parents an opportunity to receive professional assistance with completing the Free Application for Federal Student Aid (FAFSA). Students and parents are reminded to bring the following documents so they can complete the FAFSA form on College Goal Sunday:

- Social Security Number.

- Parent or Legal Guardian's Social Security Number (if student is 23 or younger and a dependent).
- Driver's license (if any).
- W-2 forms or other records of money earned.
- 2008 Federal Income Tax Return.
- Spouse's 2008 Income Tax Return (if married).
- Parent's 2008 Federal Income Tax Return.
- 2008 untaxed income records – Social Security, Temporary Assistance to Needy Families, welfare, or veterans benefits records (if any).
- 2008 bank statements.
- 2008 business and investment, mortgage information, business and farm records, stock, bond, and other investment records.
- Alien registration card (if not a U.S. Citizen).

For those of you who are interested in volunteering at a College Goal Sunday site, you will need to register at: <http://micollegegoal.org/Volunteers/Register/tabid/1370/Default.aspx>.

For an update on changes to the FAFSA, check out the Line-by-Line Changes to the FAFSA Webinar at <http://www.collegegoalsundayusa.org/support/presentation2.asp>.

For more information about College Goal Sunday including the locations throughout the state, please go to the Web site at [www.micollegegoal.org](http://www.micollegegoal.org) or call 1-800-832-2464.

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## **MGA WEB ADVISOR GROWTH**

Usage of the [MGA Web Advisor](#) continued to grow in 2008 with overall hits to the site having increased over 380 percent from the prior year. The number of unique visitors to the site also increased over 340 percent from 2007 levels.

The majority of this growth is attributed to the introduction of online payments for defaulted loans a little over a year ago, posting over a 1,000 percent increase in usage, while other functions had increases more in line with the overall growth of around 400 percent. The additional payment feature is a part of the ten percent increase in page views per unique visitor, showing that borrowers are finding more useful services and information while visiting us online.

The [MGA Web Advisor](#) is an online service available to borrowers in repayment status found at [mgaloan.com](http://mgaloan.com). Borrowers may sign on to the site and obtain information on the status and amount of their delinquent or defaulted loan(s) as well as many other features. The most frequently visited pages are: the account summary page which shows demographic as well as balance and last payment information, the make a payment page, and the payment history page which lists all payments received. Other features for those borrowers whose loans are in default include the ability to request forms, letters, or documents, and obtaining information about credit reporting, deferment, forbearance, or loan consolidation. Delinquent borrowers will find lender or lender servicer contact information on their loans guaranteed by MGA and deferment and forbearance forms to help them bring their loan(s) current. They will also find a link to the Meteor Web site to get an aggregate view of all their loans regardless of where they are held.

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## **ED PIPELINE**

Follow the links below to access some of the most recent announcements for schools and lenders from the U.S. Department of Education (ED).

### **December 2008**

[GEN-08-12](#)

[FP-08-10](#)

This letter provides a summary of the Higher Education Opportunity Act.

### **December 2008**

[CB-08-14](#)

This letter clarifies the eligibility criteria for the medical technician cancellation benefit provided in the Federal Perkins Loan Program.

### **November 2008**

[CB-08-13](#)

This letter discusses the use of state grant and scholarship awards for meeting the non-federal share requirements for the Federal Supplemental Educational Opportunity Grant (FSEOG) Program for the 2008-2009 award year.

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## **UPDATES TO MGA'S PARTICIPATING LENDER LIST**

MGA has updated its Participating Lender List to provide the most current information available regarding our FFELP lending partners. This revised list is updated regularly on our Web site at [mgaloan.com](http://mgaloan.com), with the date and time of the last update noted next to the link. The link may be accessed from our home page under MGA Highlights.

When downloaded, this Excel document will allow users to sort information by lender code, lender name, servicer, etc. It also provides information regarding additional lending criteria a lender may currently be utilizing.

If you have any questions regarding the revised Web-based list, please contact Pat Fromm at 1-800-642-5626, extension 36076, or via email at [frommp@michigan.gov](mailto:frommp@michigan.gov).

The following lender changes have occurred since the last issue of *Educational Loan Notes* and are reflected on the updated Participating Lender List. Please note that MGA can speak only to a lender's relationship with our agency. If you have questions regarding a lender's participation with another guarantor, we recommend you contact that lender or guarantor directly.

### **No Longer Participating**

The following lenders are no longer participating:

- Citibank, N.A., 826878
- Wanigas Credit Union, 826415

### **Lender Name Change**

National City Bank, 826947, is now National City/PNC.

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## **UPDATED ACTIVE MICHIGAN SCHOOL LIST COMING THIS MONTH**

The new "Active Michigan School List" will be mailed this month. You may obtain additional copies of MGA's school list by completing the [MGA In-House Supplies Order Form](#) on our Web site at [mgaloan.com](http://mgaloan.com). Once at the Web site, under the Financial Aid Professionals heading, click on "Ordering Supplies." You may also contact our mail room at 1-800-642-5626, extension 60607. If you have any questions, please contact Stacy Cardwell at extension 36074 or via email at [cardwells@michigan.gov](mailto:cardwells@michigan.gov).

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## **"Q" & "A"**

### **HEOA – Entrance Counseling for Borrowers**

**Is there a more detailed understanding for the new entrance counseling requirement regarding the effect accepting loans will have on eligibility for other forms of student financial assistance?**

HEA Section 485(1), from the [HEOA section 488\(g\)](#), effective August 14, 2008, states that "Institutions must include the following information to the extent practicable, what the effect of accepting the loan to be disbursed will have on the eligibility of the borrower for other forms of student aid".

In December 2008, Dear College Letter [GEN-08-12](#) was issued regarding the HEOA. The U.S. Department of Education will be conducting Negotiated Rulemaking for Higher Education [Sessions](#). Team II – Loans – School-based Loan Issues will address entrance counseling.

Per information received at MGA on January 6, 2009, from Jamie Malone, the Negotiated Rulemaking sessions will clarify entrance counseling changes. Examples of changes to entrance counseling would include how subsidized loans affect eligibility for other need-based aid, including grants, work-study, state aid, and institutional aid. Also, unsubsidized loans totaled with all other aid received cannot exceed COA. And failure to repay a loan could mean future ineligibility for all other Title IV aid, including grants and work-study.

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## **CALENDAR OF UPCOMING EVENTS**

Following is a list of upcoming events of interest to the financial aid community. If you have any items that you would like to see added to our calendar, please contact Jim Peterson at 1-800-642-5626, extension 36944, or via email at [petersonj@michigan.gov](mailto:petersonj@michigan.gov).

### **January 2009**

- 19 MGA Offices Closed
- 20 [ELM Training Webinar - Working with Disbursements](#)  
2:00 p.m. Eastern
- 25-28 [MSFAA Winter Training](#)  
The Ritz-Carlton  
Dearborn, Michigan
- 28 [ELM Training Webinar - Sending and Receiving Files](#)  
1:00 p.m. Eastern

### **February 2009**

- 16 MGA Offices Closed
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